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8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN FRANCISCO DIVISION  
11

12 INFINEON TECHNOLOGIES AG, a  
German corporation,

13 Plaintiff,

14 vs.  
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16 VOLTERRA SEMICONDUCTOR  
CORPORATION, a Delaware corporation,

17 Defendant.  
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Case No. CV 11-06239 MMC

**DEFENDANT VOLTERRA  
SEMICONDUCTOR CORPORATION'S  
OPPOSITION TO PLAINTIFF  
INFINEON'S SECOND MOTION TO  
DISMISS VOLTERRA'S  
COUNTERCLAIMS AND STRIKE  
VOLTERRA'S AFFIRMATIVE DEFENSES**

Date: April 19, 2013  
Time: 9:00 a.m.  
Dept.: Courtroom 7, 19<sup>th</sup> Floor  
Judge: Honorable Maxine M. Chesney

## MEMORANDUM OF POINTS AND AUTHORITIES

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1 **I. INTRODUCTION**

2 Volterra Semiconductor Corporation's ("Volterra's") amended counterclaims and  
3 affirmative defenses (Dkt. 203) provide plaintiff Infineon Technologies AG ("Infineon") fair  
4 notice of Volterra's defenses and counterclaims and fully comply with the Court's February 7,  
5 2013 Order. In that Order, the Court found that Volterra's initial affirmative defenses and  
6 counterclaims did not "plead 'sufficient factual matter.'" (Dkt. 198 at 1, quoting *Ashcroft v.*  
7 *Iqbal*, 556 U.S. 662, 678 (2009).) In response to the Court's Order, Volterra added factual  
8 allegations supporting each defense and counterclaim. Neither the Court's Order nor case law  
9 require anything more.

10 Despite Volterra's amendments, Infineon has again moved to strike and/or dismiss certain  
11 of Volterra's defenses and counterclaims and has raised new arguments regarding what Volterra  
12 must plead,<sup>1</sup> *including that Volterra must identify specific prior art references and non-*  
13 *infringement arguments in its defenses and counterclaims.* The Court should deny Infineon's  
14 motion because it is unsupported by case law and is an attempt to circumvent this District's  
15 Patent Local Rules and Magistrate Judge Ryu's orders staying discovery as to Volterra in this  
16 action, including the deadline for Volterra to serve its invalidity contentions, due to Infineon's  
17 failure to provide adequate infringement contentions pursuant to Patent L.R. 3-1. Indeed,  
18 Infineon recently served its *third* amended infringement contentions, which inexplicably remain  
19 deficient, notwithstanding Magistrate Judge Ryu's multiple prior orders setting forth in detail the  
20 information Infineon is required to provide in its infringement contentions. (*See, e.g.*, Dkt. 209,  
21 Volterra's motion to strike Infineon's third amended infringement contentions; Dkt. 132, October  
22 3, 2012 Order finding Infineon's Amended Infringement Contentions deficient and staying  
23 discovery as to Volterra, including the deadline for Volterra to serve its invalidity contentions;  
24 and Dkt. 193, January 28, 2013 Order finding Infineon's Second Amended Infringement  
25 Contentions deficient and again staying discovery as to Volterra, including the deadline for

26 <sup>1</sup> In light of the amendments Volterra made in response to the Court's February 7, 2013  
27 Order, Infineon no longer challenges the sufficiency of Volterra's direct non-infringement  
28 counterclaims and affirmative defense or its limitation on damages and license/exhaustion  
affirmative defenses.

Volterra to serve its invalidity contentions). As Infineon apparently remains unwilling or unable to provide adequate infringement contentions, which would trigger Volterra's obligation to provide invalidity contentions and lift the stay of discovery as to Volterra, Infineon is now seeking to sidestep Magistrate Judge Ryu's Orders and the Patent Local Rules by forcing Volterra to prematurely prepare and set forth specific invalidity and non-infringement theories in its affirmative defenses and declaratory judgment counterclaims. Indeed, Infineon goes so far as to argue that Volterra must disclose specific prior art references and non-infringement arguments, even though Infineon identifies no case supporting such a request. (Dkt. 217 at 6, 10.)

Infineon's attacks on the sufficiency of Volterra's equitable defenses, including laches, unclean hands, equitable estoppel and waiver, as well as its attack on the sufficiency of Volterra's prosecution history affirmative defense are similarly misplaced. In each instance, Volterra has amended its answer to plead additional factual matter, as the Court required in its February 7, 2013 Order. Infineon's argument that Volterra's affirmative defenses must comply with the heightened pleading standard of Federal Rule of Civil Procedure 9(b) is merely a re-hash of the argument Infineon made in its first motion to dismiss and strike. (*See* Dkt. 172 at 10–11.) The Court expressly declined to address that argument in its February 7, 2013 Order (Dkt. 198 at 3 n.3), and Infineon's improper request that the Court reconsider this ruling should be rejected.

Infineon's Motion should be denied. If for any reason the Court disagrees, Volterra should of course be afforded leave to amend to correct any deficiencies in its answer and counterclaims.

## **II. ISSUES TO BE DECIDED**

1. Whether the Court should deny Infineon's motion to strike and dismiss several of Volterra's affirmative defenses and counterclaims;

2. If not, whether the Court should grant Volterra leave to amend its affirmative defenses and counterclaims.

## **III. PROCEDURAL HISTORY**

In its first motion to strike, Infineon argued that Volterra failed to plead "factual allegations" supporting its counterclaims and affirmative defenses, which "deprive[d] Infineon of

1 the fair notice of the bases for Volterra's counterclaims and affirmative defenses." (Dkt. 172 at  
 2 12.) After briefing on that motion, the Court found that Volterra had not pleaded sufficient  
 3 "factual matter" supporting its invalidity counterclaims and affirmative defense. (Dkt. 198 ¶ 1,  
 4 citing *Qarbon.com Inc. v. eHelp Corp.*, 315 F. Supp. 2d 1046, 1050–51 (N.D. Cal. 2004).) The  
 5 Court also found that Volterra had not identified the non-infringing products sufficiently to  
 6 support its direct non-infringement counterclaims and affirmative defense (*id.* ¶ 2); had not  
 7 delineated "the parameters of its" indirect non-infringement claims (*id.* ¶ 3); and had failed to  
 8 provide "fair notice" of several of its affirmative defenses (*id.* ¶ 4). The Court also struck without  
 9 leave to amend Volterra's "no attorneys fees" defense. (*Id.* ¶ 5.)

10 In compliance with the Court's Order, and in response to the arguments in Infineon's first  
 11 motion to dismiss and strike, Volterra amended its answer and counterclaims by adding factual  
 12 allegations in support of each counterclaim and defense. In particular, to support and define its  
 13 non-infringement and invalidity counterclaims, Volterra's Amended Answer and Counterclaims  
 14 now identify the category of non-infringing products ("fcQFN" or "flip-chip quad flat no-lead"  
 15 chips) identified in Infineon's complaint and list fifteen non-infringing products by name. (Dkt.  
 16 203 at 39.) In addition, whereas Volterra's initial Answer and Counterclaims simply alleged that  
 17 the patents-in-suit failed to comply with "one or more of the requirements" of Sections 101, 102,  
 18 103 and/or 112 of the Patent Act, Volterra now identifies specific statutory sections and/or  
 19 subsections and alleges that the asserted patents are "not new or novel in light of the prior art";  
 20 "lack patentable subject matter"; "are obvious in light of the prior art"; and are indefinite because  
 21 they "fail to provide an adequate written description or fail to enable one of skill in the art to  
 22 make and use the alleged inventions." (*Id.* at 40.)

23 Volterra also added numerous factual allegations to its affirmative defenses. For example,  
 24 Volterra now supports its prosecution history estoppel defense by alleging that the applicants for  
 25 the asserted patents made "statements [] during the prosecution of the patents-in-suit or related  
 26 applications" that bar Infineon's "proposed claim constructions" and its ability to prove  
 27 infringement. (*Id.* at 36.) To support its equitable defenses of laches, equitable estoppel, unclean  
 28 hands, and waiver, Volterra now alleges that Infineon "delayed filing this action for an



unreasonably long and inexcusable period of time to the detriment of Volterra and its customers.”  
 (Id. at 37.) Volterra further alleges that Infineon delayed filing suit despite its knowledge of  
 Volterra through its longstanding “interest[] in acquiring Volterra” and its study of “Volterra’s  
 products and technology for many years.” (Id.)

Volterra’s amendments comply with the Court’s Order because Volterra now provides  
 “fair notice” of and pleads sufficient factual matter supporting its counterclaims and defenses.

Nonetheless, Infineon again moves to dismiss and strike certain of Volterra’s counterclaims and  
 affirmative defenses. As noted above, Infineon no longer challenges Volterra’s direct non-  
 infringement counterclaims and affirmative defenses or its limitation on damages and  
 license/exhaustion defenses.

#### IV. LEGAL STANDARDS

Counterclaims are sufficient to survive a motion to dismiss under Federal Rule of Civil  
 Procedure 12(b)(6) if they allege “enough facts to state a claim to relief that is plausible on its  
 face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). This standard does not require  
 “heightened fact pleading of specifics.” *Id.* “Plausibility” under *Twombly* does not mean  
 “probability.” *Id.* at 556. Furthermore, in analyzing this motion to dismiss, the court must accept  
 as true all factual allegations in Volterra’s amended answer and must construe the facts in the  
 light most favorable to Volterra. *NL Industries, Inc. v. Kaplan*, 792 F.2d 896, 898 (9th Cir.  
 1986). This Court has held that the standard for motions to dismiss counterclaims also applies to  
 motions to strike affirmative defenses under Rule 12(f). (Dkt. 198 at 3 n.4.)

Courts in the Northern District have recognized that there is a tension between the Rule 8  
 pleading standards and the District’s Patent Local Rules: “there is much uncertainty as to the  
 applicability of *Twombly* and *Iqbal* to patent litigation generally, at least where, as here, the local  
 rules prescribe a detailed process requiring prompt disclosure of specific bases for claims and  
 defenses.” *Barnes & Noble, Inc. v. LSI Corp.*, 849 F. Supp. 2d 925, 929 (N.D. Cal. 2012).  
 Motions to dismiss or strike may be particular inappropriate where they “depend on the nature of  
 the infringement claims when such claims are not detailed in the complaint[.]” *Id.*

When courts grant motions to strike or to dismiss, it is well-settled that leave to amend



1 should be “freely given when doing so would not prejudice the other party.” *Wyshak v. City Nat’l*  
 2 *Bank*, 607 F.2d 824, 826 (9th Cir. 1979).

### 3 **V. ARGUMENT**

4 Volterra’s amended counterclaims and affirmative defenses comply with the Court’s  
 5 February 7, 2013 Order and the Federal Rules of Civil Procedure. The Court should reject  
 6 Infineon’s demands for more, including its wholly unsupported contention that Volterra be  
 7 required to plead particular prior art references in its invalidity counterclaims and affirmative  
 8 defense and/or cite specific claim elements in its non-infringement counterclaims and defense.

#### 9 **A. Volterra’s Invalidity Counterclaim and Affirmative Defense Are Sufficient** 10 **And Comply with the Court’s Order**

11 As discussed above, in response to the Court’s February 7, 2013 Order, Volterra amended  
 12 its invalidity counterclaim and affirmative defense and now pleads elements and factual matter  
 13 sufficient to put Infineon on notice of Volterra’s defenses and claims. Nothing more is required.  
 14 In its February 7, 2013 Order, the Court dismissed Volterra’s invalidity counterclaim, stating that  
 15 it failed to “plead sufficient factual matter.” (Dkt. 198 at 1, quoting *Iqbal*, 556 U.S. at 678.) In  
 16 support of its holding, the Court cited *Qarbon.com Inc. v. eHelp Corp.*, which dismissed an  
 17 invalidity counterclaim that “simply plead[ed] the citation” by alluding to “35 U.S.C. §§ 101,  
 18 102, 103, and/or 112.” *Qarbon.com*, 315 F. Supp. 2d at 1050–51 (quoted at Dkt. 198 ¶ 1). This is  
 19 what Volterra had alleged in its *initial* counterclaim, which the Court determined to be  
 20 insufficient. In its amended invalidity counterclaims, however, Volterra has identified specific  
 21 statutory sections and/or subsections and included factual allegations describing why Infineon’s  
 22 patents are invalid under these provisions: the patents “lack patentable subject matter”; are “not  
 23 novel in light of the prior art”; are “obvious in light of the prior art”; and are indefinite for failure  
 24 “to provide an adequate written description” or to “enable one of skill in the art to make” the  
 25 alleged inventions). (Dkt. 203 ¶¶ 133, 140, 147, 154.) Neither *Qarbon* nor the Court’s Order  
 26 require more. Indeed, *Qarbon* and *PB Farradyne, Inc. v. Peterson*, 2006 WL 132182 (N.D. Cal.  
 27 Jan. 17, 2006), upon which Infineon also relies, simply hold that a party cannot “plead a statute”  
 28 in an invalidity counterclaim. *See PB Farradyne*, 2006 WL 132182, at \*2–3 (finding insufficient

1 declaratory relief complaint for invalidity that alleged patents invalid “for failure to meet one or  
 2 more of the requirements of [the Patent Act], including the requirements of sections 102, 103, 112  
 3 and/or other applicable statutes.”); *Qarbon*, 315 F. Supp. 2d at 1050–51 (same). As set forth  
 4 above, in response to the Court’s February 7, 2013 Order, Volterra’s amended counterclaims now  
 5 provide *specific factual bases* to support its allegations and tie them to *specific sections and/or*  
 6 *subsections* of the patent act.

7 Infineon nonetheless complains that Volterra’s amended counterclaims are insufficient  
 8 because Volterra “does not identify even one example of [] prior art” in its invalidity  
 9 counterclaims. (Dkt. 217 at 6.) Notably, Infineon does not cite a single case requiring a  
 10 counterclaimant to identify prior art in the counterclaim itself, and in fact, other courts have  
 11 expressly rejected such a requirement in light of their local rules requiring that invalidity  
 12 contentions provide such details. For example, in *Teirstein v. AGA Med. Corp.*, the court rejected  
 13 the plaintiff’s argument that the defendant’s answer was deficient for failing to “list any prior art  
 14 that would invalidate” the patent-in-suit. 2009 WL 704138, at \*3 (E.D. Tex. Mar. 16, 2009)  
 15 (quoting plaintiff’s motion). The court held that “neither *Twombly*, nor Rule 8 require such  
 16 assertions” and that “a counterclaim for a declaratory judgment of invalidity . . . will be sufficient  
 17 under Rule 8 without detailing every facet of the factual assertions regarding invalidating prior  
 18 art.” *Id.* Other courts have similarly pointed to patent local rules in permitting pleadings that had  
 19 even less factual support than Volterra’s does here. *See, e.g., Pfizer Inc. v. Apotex Inc.*, 726 F.  
 20 Supp. 2d 921, 938 (N.D. Ill. 2010) (“[L]ocal patent rules requiring similar disclosures militate  
 21 against dismissal of counterclaims for failure to meet the pleading requirements of Rule 8(a).”);  
 22 *Elan Pharma Int’l Ltd. v. Lupin Ltd.*, 2010 WL 1372316, at \*5 (D.N.J. Mar. 31, 2010) (“This  
 23 motion [to strike and dismiss] suggests a factual disclosure that the Federal Circuit does not  
 24 require, and a disclosure that, if required here, would make [the patent local rules] superfluous.”).

25 As in *Teirstein* and *Elan*, Infineon’s demand here would undermine the purpose of this  
 26 District’s Patent Local Rules, which require invalidity contentions that identify “each item of  
 27 prior art that allegedly anticipates each asserted claim or renders it obvious.” Patent L.R. 3-3(a).  
 28 Infineon’s demand for additional information at this point is particularly misplaced considering

1 that Infineon has not yet even identified which claims are at issue for three of the four patents-in-  
 2 suit, proceedings as to which have been stayed at Infineon's request. "It is unreasonable to expect  
 3 a party to detail affirmative defenses which depend on the nature of the infringement claims when  
 4 such claims are not detailed in the complaint[.]" *Barnes & Noble*, 849 F. Supp. 2d at 929. This  
 5 District's Patent Local Rules require both parties to provide more detailed information regarding  
 6 their claims and defenses and, as this Court has recognized before in addressing the sufficiency of  
 7 Infineon's Complaint, the Rules should be allowed to serve their function. (Dkt. 125 at 4 n.3  
 8 (refusing to require Infineon to provide additional details supporting its infringement allegations  
 9 in its complaint and citing Patent L.R. 3-1, 4-1).) Indeed, as discussed above, Infineon's request  
 10 seeks to circumvent Magistrate Judge Ryu's multiple orders finding that successive rounds of  
 11 Infineon's infringement contentions have been deficient and staying discovery as to Volterra,  
 12 including the deadline for Volterra to provide its invalidity contentions, until such time as  
 13 Infineon provides adequate infringement contentions. (See Dkt. 132, 193.)

14 In support of its attempt to circumvent the Patent Local Rules, Infineon cites three out-of-  
 15 district cases, none of which are applicable here. In *Proctor & Gamble Co. v. Team Techs., Inc.*,  
 16 2012 WL 6001753, at \*1 (S.D. Ohio Nov. 30, 2012), the court granted a motion to strike an  
 17 invalidity defense that merely stated that the patents were "'invalid' and 'unenforceable due to  
 18 lack of candor.'" *Id.* Similarly, the court in *Cleversafe, Inc. v. Amplidata, Inc.*, 2011 WL  
 19 6379300, at \*1 (N.D. Ill. Dec. 20, 2011), rejected an invalidity counterclaim because it did "not  
 20 state any facts supporting why [the] Asserted Patents are invalid" and did not rely on "any certain  
 21 statutory provision."<sup>2</sup> Volterra's invalidity counterclaims and defense, in contrast, identify four  
 22 specific statutes and state facts supporting invalidity. *Iconfind, Inc. v. Google, Inc.*, 2011 WL  
 23 4505779 (E.D. Cal. Aug. 2, 2011), which Infineon cites at page 6 of its motion, is also inapposite  
 24 because the defendant in that case had previously moved for judgment on the pleadings arguing  
 25 that the asserted patent claimed unpatentable subject matter. *See id.* at Dkt. 30. Considering the  
 26

27 <sup>2</sup> The *Cleversafe* court also refused to rely on *Pfizer* because, it reasoned, "an invalidity  
 28 counterclaim with *no* factual support cannot state a plausible claim for relief." *Id.* at \*2  
 (emphasis added). As discussed above, that does not describe Volterra's counterclaims here.



1 briefing on that issue, there was no reason that the defendant could not have identified the basis  
 2 for its invalidity counterclaim and affirmative defense in its answer. Additionally, *Iconfind* is  
 3 distinguishable because the Eastern District of California has not enacted patent local rules that  
 4 require disclosure of prior art references in invalidity contentions.

5 Were the Court to order that parties accused of infringement are required to identify  
 6 specific prior art references in their answers and before their Patent Local Rule invalidity  
 7 contentions were due, it would significantly change patent law practice in this District and fly in  
 8 the face of the schedule set forth in the District's Patent Local Rules.<sup>3</sup> This is particularly  
 9 important in this retaliatory case considering that Infineon has been unable to provide sufficient  
 10 infringement contentions as to the '730 patent, and as to the other three patents-in-suit,  
 11 proceedings have been stayed at Infineon's request and Infineon has therefore not provided any  
 12 infringement contentions or even identified the asserted claims. Volterra has pleaded sufficient  
 13 facts supporting its invalidity counterclaims and defense to put Infineon on notice of the claims  
 14 and defense, and Infineon's motion should therefore be denied.

15 **B. Volterra's Indirect Non-Infringement Counterclaims and Affirmative**  
 16 **Defense Also Comply with the Court's Order**

17 Volterra also complied with the Court's Order regarding its indirect non-infringement  
 18 counterclaims and defense.<sup>4</sup> In its order dismissing Volterra's original counterclaims, the Court  
 19 held that although the scope of Volterra's claims "arguably is defined by the claims" in Infineon's  
 20 complaint, Volterra nonetheless had to "set forth . . . the parameters of its claims." (Dkt. 198  
 21 at 2.) In response, Volterra added numerous factual allegations to its amended non-infringement  
 22 counterclaims and defense to define the scope of its non-infringement allegations. For example,  
 23

24 <sup>3</sup> Infineon has itself argued that the Court should not displace the Patent Local Rules by  
 25 requiring parties to disclose detailed information in their pleadings. In opposing Volterra's  
 26 motion to dismiss the first amended complaint, Infineon argued that the motion amounted to an  
 "end-run around the Patent Local Rules" that would render the disclosures required by the rules  
 "largely superfluous." (Dkt. 92 at 7.)

27 <sup>4</sup> As noted above, Infineon no longer challenges the sufficiency of Volterra's direct non-  
 28 infringement allegations. See Infineon's Proposed Order, Dkt. 217-1 at 1:8-9 (addressing only  
 indirect infringement counterclaim).



Volterra identified the products for which it seeks a declaration of non-infringement: “any integrated power fcQFN (flip-hip quad flat no-lead) products with two or more ground pins and two or more switching node pins,” which is the category identified in Infineon’s complaint. (Dkt. 203 ¶ 130.) Volterra also included a list of 15 specific products. *Id.* The amendment therefore now states “the parameters” of Volterra’s non-infringement counterclaims and affirmative defense.<sup>5</sup>

Infineon complains that “Volterra does not address the elements of inducement or the elements of contributory infringement,” and that “Volterra does not even identify a single limitation in a single asserted claim that it asserts its products do not meet.” (Dkt. 217 at 10.) But no case suggests that Volterra must address claim elements to state a non-infringement counterclaim, and both the *Pfizer* and *Elan* courts approved non-infringement counterclaims that did nothing more than identify the non-infringing products, as Volterra has done. *Pfizer*, 726 F. Supp. 2d at 937; *Elan*, 2010 WL 1372316, at \*1. Infineon’s approach would turn the Patent Local Rules on their head, requiring Volterra to plead specific non-infringement defenses in its Answer and Counterclaims *before* Infineon has provided sufficient infringement contentions as to the ’730 patent and *before* Infineon has provided any infringement contentions or even identified the asserted claims of the other three patents-in-suit. Indeed, in its February 7, 2012 Order granting in part and denying in part Volterra’s motion to dismiss the first amended complaint, the Court held that it was not necessary for Infineon to match up the asserted claims with “specific circuitry” within the accused products because such information “is more appropriately addressed in the course of discovery conducted under the Patent Local Rules.” (Dkt. 125 at 4 n.3 (citing P.L.R. 3-1, 4-1).) Requiring Volterra to plead specific non-infringement arguments before Infineon has produced adequate infringement contentions would be manifestly unfair. It is also wholly unsupported, as Infineon fails to cite a single case requiring such factual allegations. The Court should therefore deny Infineon’s motion because Volterra has sufficiently pleaded its non-

<sup>5</sup> Although Infineon argues that Volterra does not allege “any facts” in its non-infringement counterclaims and defense, Infineon’s motion ironically complains about the facts Volterra *does* allege, including that Infineon has been unable to provide satisfactory infringement contentions. Dkt. 217 at 10 n.2.

1 infringement counterclaims and affirmative defense.

2 **C. Volterra's Fifth Affirmative Defense Is Proper Because the Same Basic Facts**  
 3 **Support Each of Volterra's Equitable Defenses**

4 Much of Infineon's Motion is focused on its complaint that Volterra should have listed  
 5 and pleaded its affirmative defenses of equitable estoppel, laches, unclean hands, and waiver as  
 6 separate affirmative defenses under Federal Rule of Civil Procedure 10(b). (Dkt. 217 at 12–18.)

7 Contrary to Infineon's suggestion, Rule 10(b) does not require that each of these defenses be  
 8 pleaded separately. Rule 10(b) in fact only provides that “[i]f *doing so would promote clarity*,  
 9 each claim founded on a separate transaction or occurrence—and each defense other than a  
 10 denial—must be stated in a separate count or defense.” (Emphasis added.) Given that each of  
 11 these equitable defenses relates to the same basic set of facts, separating each defense is not  
 12 necessary under Rule 10(b) as it would not promote clarity and would serve only to lengthen  
 13 Volterra's Answer. Indeed, courts have held that, with respect to complaints, it is not necessary  
 14 to plead claims separately if they rely on the same basic facts. *See Tompkins v. Cent. Laborers'*  
 15 *Pension Fund*, 2009 WL 3836893, at \*4 (C.D. Ill. Nov. 16, 2009) (refusing to dismiss a  
 16 complaint under Rule 10(b) even though it “combine[d] two legal theories for each transaction”);  
 17 *see also id.* at \*4 n.8 (citing cases to the same effect). The same rationale applies to Volterra's  
 18 equitable defenses here.<sup>6</sup>

19 Infineon ignores the paragraph of factual allegations contained in Volterra's fifth  
 20 affirmative defense, which alleges that:

21 Infineon delayed filing this action for an unreasonably long and  
 22 inexcusable period of time to the detriment of Volterra and its

23 <sup>6</sup> Cases cited by Infineon do not hold otherwise. For example, at page 12 of its Motion,  
 24 Infineon cites *Lynch v. Cont'l Grp., Inc.*, which was an employer retaliation case, not a patent  
 25 case. Moreover, the court in that case struck the defendant's equitable defenses for failure to  
 26 “allege facts” supporting the defenses, not because they were combined under a single heading in  
 27 the pleading. 2013 WL 166226, at \*4 (S.D. Fla. Jan. 15, 2013). Nor does *J & J Sports Prods.,*  
 28 *Inc. v. Mendoza-Govan*, cited at page 12 of the Motion, apply here. In that case, the defendant's  
 answer read: “defendant respectfully reserves her rights to amend, supplement or state additional  
 affirmative defenses, if the factual bases for stating such additional defenses are obtained in  
 discovery.” *J & J Sports*, 2011 WL 1544886, at \*7 (N.D. Cal. Apr. 25, 2011). No such language  
 appears in Volterra's counterclaims or affirmative defenses.



customers. Infineon did not file this action until January 2010 even though (i) Infineon has been interested in acquiring Volterra and has been studying Volterra and its products and technology for many years, and (ii) as a result of the introduction of copycat products by Infineon and its subsidiaries that have already been determined to infringe two of Volterra's patents, Volterra filed an action currently pending in the Northern District of California against Infineon and its subsidiaries in November 2008 ("the Volterra action"). Infineon nonetheless waited until January 2010 to bring this action, and only did so after it acquired the '730 patent to retaliate against Volterra for bringing the Volterra action. Moreover, upon information and belief, Infineon improperly used information it learned from discovery in the Volterra action that was subject to a provision in a protective order entered by the Court in that action which prohibited its use except in connection with that action for purposes of bringing and prosecuting this action against Volterra. (Dkt. 203 at 37.)

Volterra listed its equitable defenses together (as is common in patent actions) because their elements are similar and overlapping and, therefore, the facts supporting them are also similar and overlapping. For example, courts have found that waiver has "three elements that closely resemble those of equitable estoppel: '1) the patentee, through statements or conduct, gave an affirmative grant of consent or permission to make, use, or sell to the alleged infringer; (2) the alleged infringer relied on that statement or conduct; and (3) the alleged infringer would, therefore, be materially prejudiced if the patentee is allowed to proceed with its claim.'" *Lucent Techs. Inc. v. Gateway, Inc.*, 470 F. Supp. 2d 1187, 1193 (S.D. Cal. 2007) (quoting *Winbond Elecs. Corp. v. ITC*, 262 F.3d 1363, 1374 (Fed. Cir. 2001); accord *McKesson Info. Solutions LLC v. Trizetto Grp., Inc.*, 426 F. Supp. 2d 203, 211 n.10 (D. Del. 2006) ("The theories of waiver and acquiescence require proof of the same or similar elements required by the estoppel defense."))

Infineon's delay in filing suit also supports Volterra's laches and unclean hands defenses. To allege a laches defense, a party must show "neglect or delay in bringing suit to remedy an alleged wrong, which taken together with lapse of time and other circumstances, causes prejudice to the adverse party and operates as an equitable bar." *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1028-29 (Fed. Cir. 1992) (en banc). Unclean hands requires a showing that "the plaintiff's conduct is inequitable and that the conduct relates to the subject matter of its claims." *Levi Strauss & Co. v. Shilon*, 121 F.3d 1309, 1313 (9th Cir. 1997). Because similar facts support each of these equitable defenses, and because the defenses share

1 similar elements, pleading them separately would be redundant and would not help to “promote  
2 clarity” under Rule 10(b).

3 Infineon also rehashes the argument from its first motion to dismiss that some of  
4 Volterra’s equitable defenses (unclean hands and equitable estoppel) must meet the heightened  
5 pleading standards set forth in Rule 9(b). (Dkt. 217 at 14–15.) Volterra addressed this issue in  
6 opposing Infineon’s first motion by pointing out that Rule 9(b) is not applicable to equitable  
7 defenses “in every case.” (Dkt. 189 at 11.) Volterra continued that, “based on the facts known to  
8 it at present, Volterra’s unclean hands and equitable estoppel defenses are not based on fraudulent  
9 conduct. To the extent the Court determines that Rule 9(b) applies to these defenses, Volterra  
10 may allege those facts when ascertained through the discovery process, if necessary.” (*Id.* at 12.)  
11 Notably, the Court did not find that Rule 9(b) applies to these defenses in its February 7, 2013  
12 Order, as Infineon had suggested, and instead stated that it did not need to address this issue  
13 “[u]nless and until Volterra files amended pleadings basing such affirmative defenses on  
14 fraudulent conduct ....” (Dkt. 198 at 3 n.3.) Infineon’s attempt to re-argue this issue now should  
15 be rejected.

16 Infineon’s individual arguments as to each of Volterra’s equitable defenses also fail. As  
17 to equitable estoppel, Infineon argues that Volterra does not adequately allege pre-suit knowledge  
18 of the patents-in-suit. Here, pre-suit knowledge of any specific Infineon patents is not required  
19 considering the history between the parties and Infineon’s numerous attempts to acquire Volterra,  
20 as alleged in Volterra’s Amended Answer. *See STMicroelectronics, Inc. v. Sandisk Corp.*, 2006  
21 WL 1624534, at \*4 (E.D. Tex. June 12, 2006) (“If one party, through inaction or silence, fails to  
22 advise the other of its patent, aware that the competitor’s products may very well infringe its  
23 patent, that patentee has a duty to so disclose.”).

24 As to laches, Infineon acknowledges Volterra’s allegation that Infineon’s delay in filing  
25 suit operated “to the detriment of Volterra and its customers.” (Dkt. 203 at 37.) But in the same  
26 breath, Infineon argues that Volterra “offers no factual allegations” showing that Infineon’s delay  
27 injured Volterra. (Dkt. 217 at 15.) Infineon cites no cases for the proposition that Volterra’s  
28 factual allegations are not sufficient.



Infineon's arguments regarding Volterra's unclean hands defense also attempt to hold Volterra's affirmative defenses to a standard not found in any case. As set forth above, Volterra has alleged that Infineon waited until January 2010 to bring this action, and only did so after it acquired the '730 patent to retaliate against Volterra for bringing the Volterra action and that, "upon information and belief, Infineon improperly used information it learned from discovery" in the co-pending action between Volterra and Infineon, which was "subject to a protective order" that prohibited use of the information except in that case. (Dkt. 203 at 37.) Infineon argues that it is not "clear from the facts" whether Infineon's alleged misuse of Volterra's confidential information "rises to the level of egregious conduct." (Dkt. 217 at 16.) Infineon ignores that Volterra merely needs to allege facts establishing that the defense is "plausible." Infineon's "clear from the facts" standard is more appropriate for summary judgment, not a motion to strike.

Finally, in its argument regarding waiver, Infineon cites a non-patent case and ignores the fact that waiver can be established through "[a]ny language" or "any conduct" by the patentee indicating to the accused infringer that the patentee does not intend to enforce its patent. *Winbond Elecs. Corp. v. ITC*, 262 F.3d 1363, 1374 (Fed. Cir. 2001) (quoting *De Forest Radio Tel. Co. v. United States*, 273 U.S. 236 (1927)). Here, Volterra has alleged that Infineon had been "studying Volterra and its products and technology for many years"; that Infineon "has been interested in acquiring Volterra"; that Infineon had an opportunity to allege patent infringement as a counterclaim in the co-pending action between the parties before Judge Spero; and that Infineon nonetheless "delayed filing this action," which operated "to the detriment of Volterra and its customers." (Dkt. 203 at 37.) Volterra has thus alleged sufficient facts to support a waiver defense in compliance with the Court's February 7, 2013 Order.

Simply put, instead of realleging the basic facts that support Volterra's four separate equitable defenses, Volterra combined them. As set forth above, Rule 10(b) only requires that defenses be pleaded separately if they are based on separate transactions and doing so will "promote clarity." In this case, separating these equitable defenses into separate defenses is not necessary, nor will it "promote clarity." Of course, if the Court disagrees, Volterra should be given leave to amend to separately plead each of these affirmative defenses. This issue was not

1 addressed in the Court's February 7, 2013 Order, and, as discussed above, the Court did not find  
 2 in that Order that Rule 9(b)'s particularity requirement applied to any of these affirmative  
 3 defenses. To preclude Volterra from having an opportunity to amend these defenses would be  
 4 unfair under these circumstances, particularly given the lack of prejudice to Infineon and that the  
 5 Court afforded Infineon multiple opportunities to amend its complaint in response to Volterra's  
 6 prior motions to dismiss. (*See* Dkt. 86, 130; *see also* pages 15–16, below.)

7 **D. Volterra Sufficiently Pleaded Its Prosecution History Estoppel Defense**

8 Volterra's amended prosecution history estoppel defense is also sufficient. As noted in  
 9 Volterra's amended defense, the applicants made "statements [] during the prosecution of the  
 10 patents-in-suit or related applications" that may foreclose Infineon's infringement arguments.  
 11 (Dkt. 203 at 36.) Infineon has not yet identified all the asserted claims in this action as to three of  
 12 the four patents-in-suit, and it has failed numerous times to provide adequate infringement  
 13 contentions as to the '730 patent. As one court in the Northern District has held, a patentee's  
 14 "failure to identify which claims of each patent" have allegedly been infringed "makes it  
 15 impossible . . . to plead facts supporting this [prosecution history estoppel] defense at this stage of  
 16 the litigation." *Barnes & Noble*, 849 F. Supp. 2d at 943.

17 Because Infineon has not yet disclosed which claims it asserts in this action, Volterra is  
 18 unable to provide more information supporting its prosecution history estoppel defense as to three  
 19 of the four patents-in-suit, proceedings as to which have been stayed at Infineon's request.  
 20 Volterra's pleading is nonetheless sufficient to put Infineon on notice that Volterra believes that  
 21 the applicants made limiting statements during prosecution of the patents-in-suit or related  
 22 applications. Nothing more is required.

23 Infineon's argument that Volterra has not identified anything specific in the prosecution  
 24 history of any one of the four patents once again holds Volterra's answer to a standard that is not  
 25 supported by any case law. (Dkt. 217 at 18.) Infineon cites no case requiring an accused  
 26 infringer to identify in an answer specific passages in the prosecution history that support a  
 27 prosecution history estoppel defense. Requiring such a disclosure before all asserted claims have  
 28 been identified, before adequate infringement contentions have been provided, and before any

1 formal claim construction proceedings have commenced under the Patent Local Rules would  
 2 make no sense. Once again, Infineon's motion turns the Patent Local Rules on their ear. The  
 3 Court should deny Infineon's motion and allow the Patent Local Rules to serve their function.

4 **E. If the Court Grants Any Part of Infineon's Motion, It Should Grant Volterra**  
 5 **Leave To Amend Because It Would Not Cause Any Prejudice to Infineon**

6 If the Court grants any part of Infineon's motion, it should grant Volterra leave to amend  
 7 its defenses and counterclaims. "If the court chooses to strike a defense, leave to amend should  
 8 be freely given so long as there is no prejudice to the opposing party." *Qarbon.com*, 315 F. Supp.  
 9 2d at 1049 (citing *Wyshak v. City Nat'l Bank*, 607 F.2d 824, 826 (9th Cir. 1979)). This case is  
 10 still in its early stages: Infineon still has not provided adequate infringement contentions;  
 11 discovery has not yet opened in this case with respect to the '730 patent; and proceedings as to  
 12 the other three patents-in-suit have been stayed at Infineon's request. Thus, there will be no  
 13 prejudice to Infineon if the Court grants Volterra leave to amend.

14 Infineon apparently does not disagree; it makes no argument regarding prejudice in its  
 15 motion. Instead, it argues that the Court should not grant Volterra leave to amend by relying on a  
 16 case in which the defendant made *no effort at all* to amend three of its defenses in its amended  
 17 answer and *did not oppose* the motion to strike as to seven other defenses. *Ansari v. Elec.*  
 18 *Document Processing, Inc.*, 2013 WL 664676, at \*5 (N.D. Cal. Feb. 22, 2013). Here, in contrast,  
 19 Volterra has added factual allegations to each of its counterclaims and defenses in compliance  
 20 with the Court's February 7, 2013 Order.

21 The other case that Infineon relies on, *Diamond State Ins. Co. v. Marin Mountain Bikes,*  
 22 *Inc.*, 2012 WL 6680259 (N.D. Cal. Dec. 21, 2012), is also distinguishable. There, the defendant  
 23 "attempted to evade the Court's earlier ruling" dismissing a tort counterclaim by pleading similar  
 24 facts as a fraud claim, and the parties had apparently engaged in substantial discovery. *Id.* at \*13,  
 25 \*17. Here, proceedings have been stayed as three of the four patents-in-suit and discovery has  
 26 been stayed as to the '730 patent due to Infineon's failure to provide adequate infringement  
 27 contentions.

28 Infineon's request that the Court not grant Volterra leave to amend is particularly



1 inappropriate considering that Infineon was allowed leave to amend its complaint in this action  
 2 twice (*see* Dkt. 139) and has failed four times to provide adequate infringement contentions,  
 3 despite Magistrate Judge Ryu's multiple Orders detailing what Infineon must do to comply with  
 4 Patent L.R. 3-1. (*See* Dkt. 132, 193.) As Infineon itself stated in opposing Volterra's motion to  
 5 dismiss the amended complaint, "Courts in this District generally grant leave to amend 'unless it  
 6 is clear that the complaint's deficiencies cannot be cured by amendment,' and thus 'any  
 7 amendment would be futile.'" (Dkt. 92, quoting *Bender v. LG Elecs. U.S.A., Inc.*, 2010 WL  
 8 889541, at \*2 (N.D. Cal. Mar. 11, 2010).) If the Court grants any part of Infineon's motion,  
 9 Volterra should be allowed to amend its affirmative defenses and counterclaims because doing so  
 10 would not be futile and would not cause prejudice to Infineon. Infineon has not offered any  
 11 argument to the contrary.

## 12 VI. CONCLUSION

13 Volterra's amended counterclaims and affirmative defenses comply with the Court's  
 14 February 7, 2013 Order and provide Infineon sufficient notice. Infineon's motion should  
 15 therefore be denied. If the Court disagrees, Volterra should be allowed to amend its answer  
 16 because doing so is not futile and would not cause any prejudice to Infineon considering the early  
 17 stage of this case.

20 Dated: March 29, 2013

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